

Message Text

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65

ORIGIN COME-00

INFO OCT-01 ARA-06 ISO-00 EB-07 /014 R

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COM/BIC/OED/MEPD/SMCONGER

COM/BIC/OED/MEPD/JMSANDS, DIR.

COM/BIC/OIM (INFO)

ARA/MEX/GFALK (INFO)

----- 069076

R 060055Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

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E.O. 11652: N/A

TAGS: BENC, MX

SUBJECT: LAS TRUCHAS STEEL EXPANSION

REF: MEXICO 3682

1. WE HAVE RECEIVED FOLLOWING ANALYSIS OF PRICES
FROM PENNSYLVANIA ENGINEERING CORP. (PECOR) OF SICARTSA
BOF STEELMAKING AND CONTINUOUS CASTING PLANTS:

--- PESOS U.S. DOLLARS

.KAWASAKI/HITACHI 2,713,838,240 217,107,059

.DAVY ASHMORE/DEMAG 3,415,241,059 273,219,284

.PECOR/FCB 3,691,817,865 295,345,429

.VOEST ALPINE/SCHLOEMAN

.SIEMAG 3,844,855,302 307,588,424

.DAVY ASHMORE/DISTINGTON 4,019,733,976 321,578,718

2. PECOR BELIEVES THAT JAPANESE PRICE IS A DUMPING
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PRICE WHICH IS UNREALISTIC AND PROBABLY NON-RESPONSIVE

TO TENDERS. FURTHERMORE, PECOR INDICATES DAVY ASHMORE/
DEMAG QUOTED FREIGHT AND ERECTION SUPERVISION AS A
VARIABLE PRICE NOT A CEILING PRICE AS SPECIFIED IN
TENDER DOCUMENTS. ACCORDINGLY PECOR BELIEVES THAT THEY

MAY STILL HAVE CHANCE OF RECEIVING CONTRACT WITH THE
ASSUMPTION THAT THE MEXICANS HANDLE CURRENT
NEGOTIATIONS PROPERLY.

3. WE RECOGNIZE MEXICANS HOLD PRICE NEGOTIATIONS
CLOSE TO CHEST. HOWEVER WE WOULD LIKE TO BE IN
A POSITION TO ADVISE PECOR REGARDING WHETHER THEIR
OFFER IS BEING SERIOUSLY CONSIDERED. THEIR MAJOR
CONCERN IS SHOULD THEY CONTINUE TO SPENT TIME
AND MONEY ON THEIR PROPOSAL? WOULD APPRECIATE
EMBASSY COMMENTS ON BOF COMPETITION.
KISSINGER

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